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## **Transpower Capital Expenditure Input Methodology Amendments Determination 2019**

**[2019] NZCC 11**

**The Commission:**

Sue Begg  
Dr Stephen Gale  
Elisabeth Welson  
John Crawford

**Date of decision:**

28 August 2019

[Drafting notes:

- This amendments determination amends the Transpower Capital Expenditure Input Methodology Determination 2012 ('principal determination').
- The included amendments are made under s 52X of the Commerce Act 1986.]

Commerce Commission

Wellington, New Zealand

Pursuant to Part 4 of the Commerce Act 1986 (the **Act**) the Commerce Commission makes the following determination:

**1. DETERMINATION AMENDED**

This determination amends the *Transpower Capital Expenditure Input Methodology Determination 2012* [2012] NZCC 2, as previously amended (the **principal determination**).

**2. COMMENCEMENT**

2.1 This determination comes into force on the day on which notice of the determination is given in the New Zealand Gazette in accordance with section 52W of the **Act**.

2.2 Amendments to the **input methodologies** in this determination affecting the **principal determination** apply for an **IPP determination** in force from 1 April 2020.

**3. INTERPRETATION**

3.1 Terms in bold type have the meaning given to those terms in the **principal determination**. Terms in bold type used in this determination that are defined in the **Act**, but not this determination, have the same meaning as in the **Act**.

**4. TRANSPOWER CAPITAL EXPENDITURE IM AMENDMENTS**

4.1 In the **principal determination** amend the definition of ‘**base capex standard incentive rate**’ in clause 1.1.5(2) to now read:

“means the rate calculated in accordance with the following formula-

$$\left(1 - \left(1 / ((1 + x)^6)\right)\right) \times 100\%$$

where:

‘*x*’ is the 67th percentile estimate of vanilla **WACC** determined in accordance with clause 3.5.5 of the *Transpower Input Methodologies Determination 2010*;

4.2 In the **principal determination** insert the following definition of ‘**WACC**’ in clause 1.1.5(2):

“**WACC** has the same meaning as defined in the *Transpower Input Methodologies Determination 2010*;

4.3 In clause B1(2) of Schedule B of the **principal determination**, for the row describing term ‘*a*’, replace “33%” with:

$$\left(1 - \frac{1}{(1+x)^6}\right) \times 100\%$$

where:

'x' is the 67th percentile estimate of vanilla **WACC** determined in accordance with clause 3.5.5 of the Transpower Input Methodologies Determination 2010".



Sue Begg, Commissioner

Dated at Wellington this 28th day of August 2019.

**COMMERCE COMMISSION**